



**Testimony of David Thomas, AARP Connecticut Advocacy Volunteer  
Before the Energy and Technology Committee on  
H.B. 6510, An Act Establishing a Public Power Authority**

My name is David Thomas. I am an AARP CT Advocacy Volunteer and chairman of the AARP Connecticut Economic Security team. Also, I'm AARP's representative on Connecticut's Low- Income Energy Advisory Board.

People on fixed incomes, which include most older Americans, are particularly vulnerable to rapid increases in energy costs. Although they consume about the same amount of energy as younger people, the elderly devote a higher percentage of their total spending on residential energy costs. Because older people spend a greater proportion of their fixed incomes on energy, they are less able to adjust to significant increases in the price of electricity.

In 1998 Connecticut abandoned the traditional utility market structure and adopted a "retail choice" model. With the cost of electricity up dramatically since then, it is clear the restructuring of the electric market has not benefited residential customers. Connecticut residents pay the highest electric rates in the continental United States and second only to Hawaii.

AARP supports the creation of a state power authority as proposed in H.B. 6510, An Act Establishing a Public Power Authority. A Connecticut public power authority modeled on the new Illinois Power Agency would bring competition into the wholesale market, benefiting Connecticut businesses and consumers. The public power authority will have the authority to plan and purchase electricity directly from generators, reducing long-term electricity costs for consumers.

Currently, electricity regulation, system planning, electricity procurement and conservation are handled by numerous state agencies in a disjointed manner.

But, a single, public power authority would consolidate state efforts and reduce electricity rates. A public power authority will expedite the transition from purchasing electricity based on quirky Federal Energy Regulatory Commission (FERC) market rules to a cost-of-service system, where consumers pay only for the cost of generating electricity and a reasonable profit. This will mean reduced rates for Connecticut consumers.

Authorities such as these have existed for decades, with good results. In addition to the Illinois Power Authority, there is the Tennessee Valley Authority, Bonneville Power Administration (Oregon, Washington, Idaho, and Montana), California Department of Water Resources, Western Area Power Administration (fifteen western states), Nebraska Public Power District, and the New York Power Authority. In designing a Connecticut-specific power authority, policy-makers have the opportunity to adopt the best practices of existing regional and state level power authorities in the U.S. that successfully compete with dysfunctional markets.

The situation in Connecticut is serious. It is essential for the state to adopt safeguards that ensure just, reasonable and affordable rates for residential customers. Consumers, especially those on fixed incomes, cannot afford rapid increases in the price of electricity.

AARP supports H.B. 6510, An Act Establishing a Public Power Authority, and urges this Committee to approve the measure. Thank You.